

DAVID IGE
GOVERNOR



CATHERINE PAYNE
CHAIRPERSON

STATE OF HAWAII
STATE PUBLIC CHARTER SCHOOL COMMISSION
(‘AHA KULA HO‘ĀMANA)

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FOR:	HB 1251 HD1 Relating to Public Charter Schools
DATE:	Thursday, February 26, 2015
TIME:	11:00 a.m.
COMMITTEE(S):	House Committee on Finance
ROOM:	Conference Room 308
FROM:	Tom Hutton, Executive Director State Public Charter School Commission

Chair Luke, Vice Chair Nishimoto, and members of the Committee:

The State Public Charter School Commission ("Commission") appreciates the opportunity to submit this testimony in support of House Bill 1251 HD1, "Relating to Public Charter Schools," which would provide much needed facilities support for charter schools.

The need to address facilities costs for start-up charter schools is arguably the greatest unaddressed challenge for Hawaii's chartering system. Currently, start-up charter schools must pay for the costs of their facilities from out of their already stretched operational funds.

We note that, as in past years, the Commission this year submitted proposed Capital Improvement Projects ("CIP") as submitted from charter schools. The Commission has been instructed that eligibility for these requests is limited to start-up charter schools located on state land. These projects are not recommended for approval in the executive budget. If charter school CIP projects are not to be considered, in the Commission's view it is all the more important that other means of providing at least some support for the charter schools' facilities needs be considered.

HB 1251, a new proposal introduced this Session on behalf of the Hawaii Public Charter Schools Network, combines several components of other measures reintroduced this Session intended to provide facilities support to charter schools and merits the Legislature's consideration. Among other things, the House draft of this bill would establish a charter school facilities funding working group, including the Director of Finance, the Comptroller, and the

Superintendent, to prioritize the allocation of funds and bond proceeds for charter school facilities based on the criteria established by the Commission, taking into account considerations identified in the bill; would authorize the issuance of general obligation bonds for charter school facilities design, planning, construction, repair, and maintenance; would also appropriate general funds; and would require state departments to identify unused properties that may be suitable for use by a charter school or a pre-plus program.

The Department of the Attorney General had testified on another bill introduced this Session that would provide for charter school facilities funding, Senate Bill 849, recommending that the Legislature provide somewhat more direction as to the types of charter school projects that could be funded. The Commission would appreciate the flexibility to consider as full range of charter school facilities needs as possible, but if there is any legal concern with the broad discretion this measure affords the charter school facilities funding working group, then based on our discussion with the Deputy Attorney General who testified on behalf of the Department, we would respectfully suggest that Section 4 of the bill be amended so that the new proposed HRS §302-29.5(a) reads as follows, along with any corresponding revisions to other sections of the bill as may be deemed advisable:

(a) Beginning with the 2016-2017 fiscal year, and each fiscal year thereafter, the legislature shall consider to make an appropriation and bond authorization to the commission for the design, planning, construction, repair, and maintenance of charter school improvements to address issues of health, safety, and legal compliance; expand or improve instructional space; provide for food services; and provide restroom facilities. Such appropriation and bond authorization shall be separate from, and in addition to, any appropriation made to charter schools pursuant to sections 302D-28 and 302D-29.5. These amounts shall be prioritized for allocation by the charter school facilities working group. [New language italicized.]

Finally, the Commission acknowledges the State's fiscal challenges. Nevertheless, we remain hopeful that among the various proposals currently in motion in the Legislature, a way can finally be found to make a start in addressing this longstanding problem.

Thank you for the opportunity to provide this testimony.

TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 1251, H.D. 1

February 26, 2015

RELATING TO PUBLIC CHARTER SCHOOLS

House Bill No. 1251, H.D. 1, proposes to amend Section 302D, HRS, to allow the use of vacant departmental facilities for charter schools or pre-plus programs; make appropriations starting in FY 2017 to assist the State Public Charter School Commission with its facilities funding needs; establishes the “Charter School Facilities Funding Working Group”; provides unspecified general fund appropriations for charter school facilities funding; and authorizes the Director of Finance to issue unspecified general obligation (G.O.) bond funds for this purpose.

The Department of Budget and Finance would like to make several technical comments on this bill with respect to G.O. bond funding for charter schools. First, charter schools already have the ability to request capital funding as part of the budget process through the proposed charter school programs budget submittal. The availability of G.O. bonds and/or funds for capital projects is competitive across all programs of the State - including, the Department of Education, the Hawaii State Public Library System and the University of Hawaii, and every other program in the State.

Second, in determining the appropriateness of providing G.O. bonds to any charter school, the Legislature should consider the following factors with respect to startup charter schools: a) suitable site control arrangements of property occupancy

that is consistent with the duration of long-term debt; b) disposition of buildings and land back to State ownership should a public charter school discontinue its operations; and c) the major financial commitment of funding capital improvements for start-up public charter schools as well as the recurring repair and maintenance costs associated with these facilities.

Third, federal tax law requires that tax-exempt G.O. bond proceeds be used only to finance projects that serve public purposes. Consequently, charter schools would need to ensure no private activity use of general bond funded facilities.

Finally, as funding for these projects is not included in the proposed Executive Budget, an amount for the corresponding annual debt service will need to be included in the Legislature's version of the budget should this bill pass the Legislature.



HB1251 HD1
RELATING TO PUBLIC CHARTER SCHOOLS
House Committee on Finance

February 26, 2015

11:00 a.m.

Room 308

The Office of Hawaiian Affairs (OHA) **SUPPORTS** HB1251 HD1, which seeks to alleviate the unique financial burdens borne by start-up public charter schools, in meeting their facilities needs.

Meeting start-up charter schools' facilities needs has been a challenge for Hawai'i's public charter schools. Currently, start-up charter schools must use operational funds to pay for the costs of their facilities. This is a cost that is not borne by conversion charter schools, nor by schools under the Hawai'i State Department of Education. To address this disparity, HB1251 HD1 makes certain proposals relating to the potential use of vacant state facilities by public charter schools, establishes a charter school facilities funding working group, appropriates funds for public charter schools, and authorizes the issuance of general obligation bonds. OHA believes that HB1251 HD1 has the potential to relieve some of the significant financial burdens felt by start-up public charter schools in meeting their facilities needs.

HB1251 HD1 helps to bring parity to start-up charter schools, and help address the longstanding problem of financing their facilities. OHA therefore urges the Committee to **PASS** HB1251 HD1.

Mahalo nui for the opportunity to testify on this measure.



TO: Honorable Sylvia Luke, Chair
Honorable Scott Nishimoto, Vice Chair
Members of the Finance Committee

DATE: February 26, 2015
TIME: 11:00 a.m.
PLACE: Conference Room 308
Hawai'i State Capitol

FROM: Kamehameha Schools

RE: HOUSE BILL 1251, RELATING TO PUBLIC CHARTER SCHOOLS

Chair Luke, Vice Chair Nishimoto, and members of the Committee,

Thank you for this opportunity to testify in support of HB 1251, relating to facilities funding for charter schools.

Kamehameha Schools offers support to the addition of language to HRS 302 that would require state departments, upon the closure of facilities, to consider the facility's suitability for use by public charter schools or early learning pre-plus programs. Notification of such facilities to the state public charter schools commission or executive office on early learning of the availability and suitability of the facility would eliminate a critical hurdle in the launch and development stages of these institutions.

Kamehameha Schools supports promoting the achievement and success of Hawai'i's public school students and, as such, has been a collaborator with the Hawai'i public charter schools for over a decade. Through our work with public charter schools, we hope to significantly impact more children and their families through education. We believe charter schools provide positive choices for education and ultimately enhance both achievement and engagement for students across Hawai'i.

We ask that you help to provide our state's most innovative educators with the strong support and stable foundation that they need continue their positive growth. We believe efforts to improve the public charter school system improve access to education and, ultimately, enhance education for all of Hawai'i's children.

Thank you for the opportunity to testify on this measure.



Ho'okāko'o Corporation

TO: Honorable Sylvia Luke, Chair
Honorable Scott Nishimoto, Vice Chair
Members of the Committee

DATE: Thursday, February 26, 2015

TIME: 11:00 a.m.

PLACE: Conference Room 308, Hawaii State Capitol

FROM: Ho'okāko'o Corporation

RE: HOUSE BILL 1251, RELATING TO PUBLIC CHARTER SCHOOLS

Honorable Chair Luke, Vice Chair Nishimoto and members of the Committee,

Mahalo for this opportunity to testify in **support** of HB 1251, relating to facilities funding for charter schools.

The Ho'okāko'o Corporation is committed to excellence in public education through our work with public conversion charter schools, which educate nearly 20% of Hawaii's charter school student population in grades Pre-Kindergarten through 12.

While we are a charter management organization for conversion charter schools, Ho'okāko'o recognizes the important need for facilities funding for start-up charter schools which currently use operating funds to cover these costs, funds which should go directly to children in the classrooms.

We support the language that would require state departments, upon the closure of facilities, to consider the facility's suitability for use by public charter schools. We also support the establishment of a facilities fund working group to determine and prioritize means of enabling public charter schools to access facilities without touching their operational funds.

Thank you for the opportunity to testify on this measure.

FIN-Jo

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 24, 2015 10:15 AM
To: FINTestimony
Cc: ukotner@mindspring.com
Subject: Submitted testimony for HB1251 on Feb 26, 2015 11:00AM

HB1251

Submitted on: 2/24/2015

Testimony for FIN on Feb 26, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Usha Kotner	Individual	Support	No

Comments: Financial support for Hawai'i charter school facilities is the missing piece in terms of supporting charter school success. There is significant research showing that adequate educational facilities contributes to student success. Without facilities funding support, charter schools are required to dedicate funds to facilities, which funds would otherwise be allocated to supporting the schools' educational programs.

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FIN-Jo

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 24, 2015 10:42 AM
To: FINTestimony
Cc: acurrie@hawaii.rr.com
Subject: Submitted testimony for HB1251 on Feb 26, 2015 11:00AM

HB1251

Submitted on: 2/24/2015

Testimony for FIN on Feb 26, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Ana Currie	Individual	Support	No

Comments: This bill provides for financial support for Hawai'i charter school facilities, which is the significant missing piece in terms of supporting charter school success. There is abundant research showing that adequate educational facilities contributes to student success. Without facilities funding support, charter schools are forced to dedicate funds to facilities – which funds that otherwise be allocated to supporting the schools' educational programs.

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FIN-Jo

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 24, 2015 5:06 PM
To: FINTestimony
Cc: mariahm@kppcs.org
Subject: Submitted testimony for HB1251 on Feb 26, 2015 11:00AM

HB1251

Submitted on: 2/24/2015

Testimony for FIN on Feb 26, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Mariah Mann	Individual	Comments Only	No

Comments: Financial support for Hawai'i charter school facilities is the missing piece in terms of supporting charter school success. There is significant research showing that adequate educational facilities contributes to student success. Without facilities funding support, charter schools are required to dedicate funds to facilities, which funds would otherwise be allocated to supporting the schools' educational programs. Please help our charter schools because it is the right thing to do!

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From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 26, 2015 12:53 PM
To: FINTestimony
Cc: dkapua@gmail.com
Subject: Submitted testimony for HB1251 on Feb 26, 2015 11:00AM

LATE

HB1251

Submitted on: 2/26/2015

Testimony for FIN on Feb 26, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Kapua Keliikoa-Kamai	Individual	Support	No

Comments: I FULLY SUPPORT HB 1251, HD1 (HSCR462). Mahalo for finally addressing the need for PCS facilities!

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